" Déjà vu all over again…"

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To anyone whose memory spans more than 10 years, the current events in the Persian Gulf and the resulting world-wide reverberations should, as Yogi Berra once observed, seem like "Déjà vu all over again." For the third time in less than 20 years, trouble in the oil-rich but politically-volatile Middle East is sending economic shock waves throughout the industrialized world.

The first exercise of "petro-power" was the Arab oil embargo of 1973-74. The second time was the 1979 overthrow of the Shah of Iran and the taking of American hostages by the Ayatollah Khomeini. This time it is Iraq President Saddam Hussein's ambition to increase his dominance of world oil supplies, control a modem oil port and exert greater influence over OPEC.

Regardless of the details, the effects of oil disruptions are basically the same: rapid increases in the price of oil, inflation and recession in those countries heavily dependent on oil, and if the crisis goes on long enough, shortages and economic disorder. In 1973-74, the price of oil doubled in inflation-adjusted terms. Between 1978 and 1981, oil prices doubled again. And now, oil prices have surged from $18 and $19 per barrel to more than $27 per barrel. Some analysts see prices going even higher.

While it seems likely we'll avoid the long gas-station lines that characterized the '73 and '79 disruptions, the potential economic impacts of the price increases are severe enough. It has been estimated that if current oil prices are sustained, inflation will rise by more than one percent and economic growth will decline by more than half a percent. That's a big impact when you realize that the current annual growth in the U.S. economy is barely 1 percent. If crude prices remain at $27 per barrel, the U.S. bill for imported oil will soar to $73 billion at current import levels. Closer to home, $27-per-barrel oil will extract an additional $1.2 billion from Washington's economy each year, about two percent of the state's personal income. And beyond the price impacts, there is always the risk that the dispute will escalate into more widespread conflict and supply disruptions.

In situations like this, we naturally look for someone to blame. Iraq's Saddam Hussein is a satisfying target. His actions have clearly been unconscionable. To stop with Hussein, however, is to overlook the fact that he had many accomplices -- you and I. No, we didn't drive the tanks or fire the guns. But as the largest consumers and importers of oil, we -- with our voracious appetite for oil products -- set the stage for Hussein and others like him.

In the early 1980's it looked like we had learned our lesson. After two oil crises and resulting high oil prices, Americans appeared to have learned how to use oil more efficiently. Average new car fuel economy increased from 23.2 mpg to 27 mpg between 1980 and 1985. Transit rider ship increased. Efficiency improvements were instituted in homes, offices, and industry. The net result was a nationwide decline in oil consumption -- at the annual rate of -3.5 percent. Here in Washington, our consumption of gasoline decreased at an annual rate of 1.3 percent. The net effect was that between 1979 and 1985, U.S. reliance on imported oil fell from 43 percent to 27 percent. As a consequence of soft demand and the development of new, non-OPEC production capacity, OPEC found that it could no longer maintain discipline among its members, and prices were virtually cut in half between 1985 and 1986.

Since 1986, we appear to have forgotten almost all we learned. Between 1986 and the first half of 1990, U.S. oil consumption turned around and began increasing at an annual rate of 2.4 percent. Neither the Reagan nor Bush administrations have held the auto industry to improvements in new car fuel economy standards. For the last two years, average new car fuel economy actually declined as the marketing of larger, more powerful cars had its effect. Per-capita transit ridership declined. In general, the efficiency ethic has been forgotten. Here in Washington, gasoline use soared at over 3 percent per year. The net effect of this increasing demand and a slow decrease in domestic production has been an increase in reliance on imports which is now at 50 percent, higher than at any time in the past. And once again we have proven ourselves vulnerable to those who would use control of oil for their political and economic purposes.

The question now is have we learned anything or are we doomed to repeat history time and time again? The geopolitics of oil is not going to change. Over 60 percent of the world's proven oil reserves are in the Mid East, 20 percent now under the control of Iraq's Hussein. Less than 4 percent is in the United States. Exploration and development of environmentally-sensitive areas like the Alaska National Wildlife Refuge and off the Washington and Oregon coasts will add only marginally to those figures and at a high cost.

The lesson we should have learned from the first two oil shocks is that it is possible to have economic growth and low or negative growth in petroleum demand. And when we do that, we significantly lessen the risk of oil crises. We have far from exhausted the potential for cutting petroleum use. Many of the opportunities are in transportation, which accounts for approximately 63 percent of our petroleum use. They include:

- Further improvements in automobile fuel economy, which can be attained without sacrificing safety.

- A greater investment in urban transportation systems, which could reduce our reliance on the petroleum-dependent automobile.

- Taking real steps to curb urban sprawl, which is one of the major factors contributing to increased automobile fuel consumption.

- Substituting telecommunications for both local and long distance work trips.

- Moving away from some of the many ways in which we subsidize the private automobile (e.g., free parking).

- Utilizing alternative fuels, like methanol, ethanol and compressed natural gas, which would reduce petroleum use and provide environmental benefits as well.

The list could go on and on, not only in transportation but in other sectors of the economy as well. And besides yielding benefits to our energy security and our economy, taking these steps would address other pressing problems as well. For example, petroleum use in Washington contributes 57 percent of the emissions of carbon dioxide, the primary "greenhouse gas" that may be contributing to global climate change. Petroleum use in automobiles is the major contributor to urban air quality problems. Curbing petroleum use could reduce the number of tanker shipments (now over 300 a year) entering Puget Sound.

Certainly none of these suggested changes will come easily. But how many more "oil crises" do we want to risk? How many more petro-dollars can we afford to export? How much more do we want to spend to police the Persian Gulf? What kinds of environmental hazards are we willing to risk to continue our addiction to oil? For my part, I'm hoping that the third time will be the charm and that the result of this oil crisis will be an intelligent, long-term national energy policy which will ensure there isn't a fourth time.